

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Financial Institutions and Consumer Credit
October 17, 2001

Viewpoints of FDIC Chairman Don Powell and Select Industry experts on Deposit Insurance Reform

Thank You Chairman Bachus.

This hearing will continue our discussion on the need to reform the nation's federal deposit insurance system. This hearing could not have occurred at a more appropriate time in the financial and economic cycle. While the deposit insurance system is the strongest it has ever been, it may be tested as the nation is confronted with an uncertain economic climate. Also, the events of September 11th have contributed to large increases of deposits at insured depository institutions.

Even so, I say with confidence that both the industry and the deposit insurance system are sound and the economic recovery, when it occurs, will be in large part determined by the ability of the financial services sector to remain vibrant and strong. A sound and responsive deposit insurance system is at the core of such vibrancy and strength.

I should also point out that the FDIC has successfully weathered several industry financial storms since its inception, and I am confident that under Chairman Powell's leadership the agency will continue that tradition. I welcome Chairman Powell to this important position and I compliment him on his efforts thus far. He comes to this new job with excellent credentials: a diverse professional background, and the talent, skills, and vision needed to shape the FDIC into a 21st century agency.

The FDIC faces critical challenges, chief of which is the need to reform the deposit insurance system in a way that ensures it understands and properly responds to new and emerging risks. FDIC must continue to adapt to address the challenges and risks posed by the post Gramm-Leach-Bliley environment, the integration of global financial service markets, and the interconnectedness of these events with our communities. This is a tall order that will require the help of the Congress to provide the necessary legislative tools and the agency to make the necessary structural and program changes. This hearing will explore these issues and any insights Chairman Powell may share for ensuring the system remains worthy of the public's confidence and appropriately and fairly treats all stakeholders and beneficiaries with respect to deposit insurance coverage and premium assessments.

Oxley, page two
October 17, 2001

I look forward to hearing Chairman Powell's views on reforming the deposit insurance system. I say with much conviction that the Committee continues to have faith in our financial services industry and in the ability of the FDIC to implement comprehensive, meaningful, and equitable reform.

Chairman Powell, thank you for your commitment to public service and to the FDIC at this most challenging of times. The Committee will pursue any changes to the deposit insurance scheme with deliberation, thoughtfulness, and a complete understanding of the attendant implications and benefits. The changes we are considering will affect the savings and investment decisions of millions of individuals and companies. The Committee will not undertake this responsibility lightly. The focus of today's hearing will be on a report prepared by your predecessor entitled *Keeping the Promise: Recommendations for Deposit Insurance Reform*, any changes you have considered for it, and any related views you may have about the overall need for deposit insurance reform.

Thank you for holding these hearings Chairman Bachus, and I look forward to hearing from all of our witnesses.

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